

**REPORT OF THE AUDIT OF THE
WOODFORD COUNTY
SHERIFF'S SETTLEMENT - 2004 TAXES**

May 2, 2005



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
WOODFORD COUNTY
SHERIFF'S SETTLEMENT - 2004 TAXES

May 2, 2005

The Auditor of Public Accounts has completed the audit of the Sheriff's Settlement - 2004 Taxes for Woodford County Sheriff as of May 2, 2005. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff collected taxes of \$13,867,656 for the districts for 2004 taxes, retaining commissions of \$438,176 to operate the Sheriff's office. The Sheriff distributed taxes of \$13,405,707 to the districts for 2004 Taxes. Refunds of \$3,371 are due to the Sheriff from the taxing districts.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

CONTENTS

PAGE

INDEPENDENT AUDITOR'S REPORT	1
SHERIFF'S SETTLEMENT - 2004 TAXES	3
NOTES TO FINANCIAL STATEMENT	5
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	9



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Ernie Fletcher, Governor

Robbie Rudolph, Secretary

Finance and Administration Cabinet

Honorable Joe Gormley, Woodford County Judge/Executive

Honorable John Coyle, Woodford County Sheriff

Members of the Woodford County Fiscal Court

Independent Auditor's Report

We have audited the Woodford County Sheriff's Settlement - 2004 Taxes as of May 2, 2005. This tax settlement is the responsibility of the Woodford County Sheriff. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Woodford County Sheriff's taxes charged, credited, and paid as of May 2, 2005, in conformity with the modified cash basis of accounting described in Note 1.

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In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2005 on our consideration of the Woodford County Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen

Auditor of Public Accounts

Audit fieldwork completed -
November 30, 2005

WOODFORD COUNTY
JOHN COYLE, COUNTY SHERIFF
SHERIFF'S SETTLEMENT - 2004 TAXES

May 2, 2005

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 1,101,031	\$ 1,865,921	\$ 7,412,577	\$ 2,031,480
Tangible Personal Property	52,998	72,033	368,002	500,055
Intangible Personal Property				205,109
Water District	1,729			
Increases Through Exonerations	41	56	275	125
Franchise Corporation	53,470	92,396	368,860	
Bank Franchises	71,047			
Penalties	5,136	8,481	34,575	10,250
Adjusted to Sheriff's Receipt	24	18		4
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Gross Chargeable to Sheriff	\$ 1,285,476	\$ 2,038,905	\$ 8,184,289	\$ 2,747,023
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>Credits</u>				
Exonerations	\$ 5,297	\$ 8,002	\$ 35,828	\$ 13,572
Discounts	20,648	32,277	129,439	46,916
Delinquents:				
Real Estate	8,054	12,851	54,223	14,860
Tangible Personal Property	274	373	1,906	1,046
Intangible Personal Property				1,843
Uncollected Franchise	64	117	447	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Credits	\$ 34,337	\$ 53,620	\$ 221,843	\$ 78,237
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Taxes Collected	\$ 1,251,139	\$ 1,985,285	\$ 7,962,446	\$ 2,668,786
Less: Commissions *	53,461	71,943	199,061	113,711
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Taxes Due	\$ 1,197,678	\$ 1,913,342	\$ 7,763,385	\$ 2,555,075
Taxes Paid	1,195,931	1,909,168	7,749,671	2,550,937
Refunds (Current and Prior Year)	2,307	4,914	15,310	4,613
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Refunds Due Sheriff		**		
as of Completion of Fieldwork	\$ (560)	\$ (740)	\$ (1,596)	\$ (475)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* and ** See next page.

The accompanying notes are an integral part of this financial statement.

WOODFORD COUNTY
JOHN COYLE, COUNTY SHERIFF
SHERIFF'S SETTLEMENT - 2004 TAXES
May 2, 2005
(Continued)

* Commissions:

10% on	\$	10,000
4.25% on	\$	5,512,688
2.5% on	\$	7,962,446
1% on	\$	382,522

** Special Taxing Districts:

Library District	\$	(180)
Health District		(84)
Extension District		(61)
Fire		<u>(415)</u>
Refunds Due Sheriff	\$	<u><u>(740)</u></u>

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENT

May 2, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of May 2, 2005, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of pledged securities held by the Sheriff's agent in the Sheriff's name.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENT
MAY 2, 2005
(Continued)

Note 3. Tax Collection Period

Property Taxes

The real and personal property tax assessments were levied as of January 1, 2004. Property taxes were billed to finance governmental services for the year ended June 30, 2005. Liens are effective when the tax bills become delinquent. The collection period for these assessments was October 26, 2004 through May 2, 2005.

Note 4. Interest Income

The Woodford County Sheriff earned \$13,003 as interest income on 2004 taxes. As of November 30, 2005, the Sheriff was due a refund of \$89 in interest from the school district and owed \$365 in interest to his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Woodford County Sheriff collected \$46,257 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office. As of November 30, 2005, the Sheriff owed \$17,724 in 10% add-on fees to his fee account.

Note 6. Advertising Fees

The Woodford County Sheriff collected \$370 of advertising fees allowed by KRS 424.330(1) and KRS 134.440(2). The advertising fees will be used to operate the Sheriff's office. As of November 30, 2005, the Sheriff owed \$160 in advertising fees to his fee account.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Joe Gormley, Woodford County Judge/Executive
Honorable John Coyle, Woodford County Sheriff
Members of the Woodford County Fiscal Court

**Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards**

We have audited the Woodford County Sheriff's Settlement - 2004 Taxes as of May 2, 2005, and have issued our report thereon dated November 30, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Woodford County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Woodford County Sheriff's Settlement - 2004 Taxes as of May 2, 2005 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting And On
Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

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Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
November 30, 2005

